

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary Public

Date: 3/30/2017

GAIN Report Number:

Latvia

Post: Warsaw

Grain and Feed Annual – Latvia 2017

Report Categories:

Grain and Feed

Agricultural Situation

Approved By:

Russ Nicely, Agricultural Attaché

Prepared By:

Mira Kobuszynska, Agricultural Specialist

Report Highlights:

In Latvia good harvest is expected. For MY 2017/18 the grain crop is forecast to be higher than last year. Winter grain growth is reported well except small local winterkill. Total production of wheat, rye, mixed grains, triticale, barley and oats in MY 2017/18 is forecast to amount to 2.8 million MT. Latvia became an important player on the wheat trade market in the last four years. The main exported grain is soft wheat with a share of 89 percent of total grain exports.

Please Note: This report is to be read in conjunction with the Annual EU28 Consolidated Grain and Feed Report and provides further information on Latvian market of grain and feed.

https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual_London_EU-28_3-30-2017.pdf)

Area and production of grains

MY 2017/18

For MY 2017/18 the grain crop is forecast to be higher than last year. The yield forecast is closer to average yields without extreme weather conditions. In late autumn 2016 plant health was reported well before winter. Weather conditions have been favorable for grain plantings so far, with temperature above average for winter and early spring until the beginning of April 2017.

Winter grain growth is reported well, except small local winterkill. In Latvia good harvest is expected. Total production of wheat, rye, mixed grains, triticale, barley and oats in 2017/18 is forecast to amount to 2.8 million MT. The acreage of grain plantings is forecast lower than the previous year by 2.7 percent. Farmers' motivation for wheat sowing this year diminished due to lower prices for wheat.

MY 2016/17

In MY 2016/17 Latvia produced 2.7 million MT of grains, an 11 percent decrease in comparison with MY 2015/16. A record crop of MY 2015/16 was not repeated this year. The total grain acreage for the 2016 crop is estimated at 699,000 Ha, 6 percent increase in comparison with the previous year. The larger planting area was mostly the result of increased wheat and mixed grains acreage at the expense of other grains and rapeseed. Farmers' interest in rapeseed production diminished due to the much higher profitability of wheat. In MY 2016/17 despite a larger planted area, the grain harvest was lower due to much lower yields. Due to unfavorable weather conditions, the average yield fell to 3.78 MT per Ha in MY 2016/17, from 4.49 in the previous year. A sudden change of temperatures in a short time did not allow plants to adjust to strong winter conditions like frost wind on fields uncovered by snow. After a long period of very mild winter, a sudden drop of temperatures to minus 25 degrees Celsius was seen at the end of December 2015, beginning January 2016. Unfavorable weather conditions during harvest were another reason for a lower crop in MY 2016/17. Production of all grains decreased in comparison with the previous MY 2015/16. Barley fell by 27 percent, mixed grains and triticale by 11 percent, rye by 12 percent, oat by 9 percent and wheat by 8 percent. Wheat is the main grain planted in Latvia. In MY 2016/17 share of wheat acreage in total grain plantings increased significantly, and amounted to 69 percent and the share of wheat production in total grain output reached 77 percent.

Grain area 2013 – 2017 (000) Ha

	2013	2014	2015	2016	2017*	Structure of sowings in 2016 (%)

Wheat	372	403	448	483	470	69.10
Rye	29	32	37	37	37	5.29
Mixed grains and triticale	28	34	16	18	18	2.58
Barley	82	120	100	96	100	13.73
Oats	62	67	60	65	65	9.30
Total	573	656	661	699	690	100.0

Source: Latvian Statistical Office

* FAS/Warsaw estimation and forecast

Grain production 2013 – 2017 (000) MT

	2013	2014	2015	2016	2017*	Structure of production in 2016 (%)
Wheat	1,435	1,468	2,250	2,062	2,050	76.85
Rye	76	114	160	141	150	5.26
Mixed grains and triticale	71	72	57	51	58	1.90
Barley	222	419	385	283	340	10.55
Oats	134	155	160	146	160	5.44
Total	1,938	2,228	3,012	2,683	2,758	100.0

Source: Latvian Statistical Office

* FAS/Warsaw estimation and forecast

Trade

Latvia became an important player on the wheat trade market in the last four years. Total grain exports have been showing an increasing tendency year by year and in MY 2016/17 are estimated at 2.5 million MT. The main exported grain is soft wheat with a share of 89 percent of total grain exports. Barley and rye have a minor role in total grain exports but they are important for the Latvian domestic agricultural economy. Production of other grains is oriented to domestic consumption and only accidentally exported in years of good harvest.

Grain exports (000) MT

	MY 2013/14	MY 2014/15	MY 2015/16	MY 2016/17*
	Total exports	Total exports	Total exports	Total exports
Wheat*	1,335	1,372	2,397	2,250

Rye	35	55	111	100
Corn	10	9	74	50
Barley	114	262	226	90
Mixed grains & triticale	10	1	13	6
Oats	25	34	12	31
Total	1,529	1,733	2,833	2,527

Source: Global Trade Atlas Eurostat

*Including wheat products

* FAS/Warsaw estimation and forecast

Latvia is a net exporter of wheat and other grains except corn. Import of grains is very small and complements deficiencies in years of lower crops. Total grain imports are estimated at 697,000 MT in MY 2016/17.

Grain imports (000) MT

	MY 2013/14	MY 2014/15	MY 2015/16	MY 2016/17*
	Total imports	Total imports	Total imports	Total imports
Wheat*	231	326	520	530
Rye	32	9	28	45
Corn	47	35	86	75
Barley	32	58	34	30
Mixed grains & triticale	9	3	5	5
Oats	9	20	14	12
Total	360	451	687	697

Source: Global Trade Atlas Eurostat

* Including wheat products

* FAS/Warsaw estimation and forecast

Wheat

Wheat production, trade, consumption

	2014/15	2015/16	2016/17*
Marketing Year Begin	July 2014	July 2015	July 2016
Area (000) Ha	403	448	483

Production	(000) MT	1,468	2,250	2,062
MY Imports*	(000) MT	326	520	530
MY Exports*	(000) MT	1,372	2,397	2,250
Total Consumption	(000) MT	343	368	370

Source: FAS/Warsaw, Global Trade Atlas, Latvian Statistical Office

*Including wheat products

**FAS/Warsaw estimation and forecast

Wheat production for MY 2017/18 is forecast at 2.1 million MT, a decrease of 0.6 percent in comparison with the previous year. The forecast for wheat acreage is also lower and is expected to reach 0.47 million Ha. Low wheat prices discouraged some farmers to increase wheat planted area for MY 2017/18 crop. Production forecast is lower than estimate for the previous year due to lower planted area and more average yield expectations, but it remains at a much higher level than for the last few years. In MY 2016/17 winter wheat yield reached 4.27 MT per Ha, 0.75 MT less than in record MY 2015/16, due to unfavorable weather conditions. In the coming years further increases in winter soft wheat productivity is expected due to improvements in agricultural technology and higher use of certified seed.

Total production of wheat in MY 2016/17 amounted to 2.1 million MT, 8 percent less than in MY 2015/16. Bad weather conditions for wheat contributed to the smaller crop than in last years' record harvest. Wheat acreage increased by 8 percent to 0.48 million Ha in MY 2016/17. The acreage of the much more productive winter wheat developed mostly at the expense of spring wheat and other spring grains. Winter wheat acreage increased by 13 percent. Spring wheat acreage diminished by 3 percent.

Latvia's exports of wheat are estimated at 2.3 million MT for MY 2016/17, a 6 percent decrease. Smaller harvest decreased Latvia's wheat export potential for MY 2016/17. Main export destinations used to be non EU countries. In MY 2015/16 the main export destinations for wheat were Algeria and Saudi Arabia, with over a 60 percent share in total wheat exports. In June-November MY 2016/17 the proportion between EU and non EU destinations changed, and majority of exported grain was destined for the EU market. 30 percent of exports were sold to Middle Eastern and North African countries. Out of EU export destinations and their importance in total trade varies year by year. In MY 2015/16 the main buyer of Latvian wheat was Algeria (585,014 MT) with a share of 25 percent in total wheat exports. For MY 2015/16 other major non EU destinations were Saudi Arabia (363,072 MT), and Turkey (153,183 MT). The Netherlands, Germany and France were the main EU destinations. For MY 2016/17 imports are estimated 2 percent larger than in the previous year. Lithuania used to be the main wheat supplier. Occasionally Poland, Kazakhstan and Estonia are import origins.

Wheat exports, (000) MT, (HS 1001)

Partner country	2013/14	2014/15	2015/16
World	1,251	1,268	2,313
EU28	336	756	559
Algeria	-	-	585
Saudi Arabia	106	-	363

Kenya	21	6	210
Turkey	-	59	153
Netherlands	62	6	140
Germany	47	152	112
France	-	10	78
Spain	73	321	65
Lithuania	45	94	57

Source: Global Trade Atlas Eurostat

Wheat imports (000) MT, (HS 1001)

Partner country	2013/14	2014/15	2015/16
World	203	298	238
EU28	202	269	202
Lithuania	165	233	173
Russia	1	26	30
Estonia	22	19	19

Source: Global Trade Atlas Eurostat

Barley

Barley production, trade, consumption

		2014/15	2015/16	2016/17*
Marketing Year Begin		July 2014	July 2015	July 2016
Area	(000) Ha	120	100	96
Production	(000) MT	419	385	283
MY Imports	(000) MT	58	34	30
MY Exports	(000) MT	262	226	90
Total Consumption	(000) MT	217	227	227

Source: FAS/Warsaw, Global Trade Atlas, Latvian Statistical Office

*FAS/Warsaw estimation and forecast

It is forecast that in MY 2017/18 barley production will amount to 283,000 MT, 16 percent less than in the previous year. The barley acreage is forecast to reach 100,000 Ha, increase by 4 percent. Barley production and acreage vary in years. It depends strongly on the feed wheat market situation. The record year for barley production was MY 2014/15 with a crop of 419,000 MT and 120,000 Ha acreage, both of them the highest in history. Barley consumption is oriented to feed use, industrial and on farm.

Latvia is a net exporter of barley. It is estimated that MY 2016/17 barley exports will be smaller by over 60 percent than in previous year and will amount to 90,000 MT. In MY 2015/16 barley exports reached 262,000 MT. Main export destinations were Saudi Arabia (82 percent of total barley exports), and Tunisia (3 percent). Germany and United Kingdom were the main EU buyers.

Oats

Oat production, trade, consumption

	2014/15	2015/16	2016/17*
Marketing Year Begin	July 2014	July 2015	July 2016
Area (000) Ha	67	60	65
Production (000) MT	155	160	146
MY Imports (000) MT	20	14	12
MY Exports (000) MT	34	12	31
Total Consumption (000) MT	131	146	131

Source: FAS/Warsaw, Global Trade Atlas, Latvian Statistical Office

*FAS/Warsaw estimation and forecast

Oat acreage has remained stable for few years, at about 0.06 million HA, except MY 2014/15 when it increased by 10 percent over average. Oat is used for on farm feed consumption. In good harvest years production surpluses are sold mostly to Spain, Denmark, Lithuania, Estonia and Germany. It is forecast that in MY 2017/18 oat production will amount to 160,000 MT, an increase of 10 percent. Significant changes in domestic demand are not foreseen.

MY= Latvian local marketing year is July to June.

End of Report.